

# SOME GREAT FRAUDS IN INSURANCE CIRCLES

The affairs of every insurance company so far investigated by the New York committee are in decidedly bad condition so far as the welfare of policyholders is concerned. The revelation concerning the Mutual Life Insurance company have been particularly interesting. Robert H. McCurdy, general manager, and who was presumed to have supervision of the company's expenditures testified that he did not know what salary his father, Richard A. McCurdy, received as president.

## BIG SUMS UNACCOUNTED FOR

Charles A. Preller, auditor of the company, could not explain why the sum of \$25,000 was paid January 30, 1904, to Robert Olyphant. Neither could the witness explain the purpose of an expenditure of another \$25,000 to the same Olyphant, made August 31, 1904. He was equally ignorant of the purposes of a third \$25,000 payment made November 9, 1904, to the same Olyphant. Here was a total of \$75,000 cash expended, the purpose of which the company's auditor could not explain.

It developed also that in 1892 Thomas H. Bowles, a former agent of the company, had inaugurated a policyholders' movement to oust the McCurdy management. Bowles secured from the policyholders a large number of proxies, the same to be used at the election of officers for the company. The books show that the Mutual Life paid Bowles \$35,000, after which this movement to oust the McCurdy family was abandoned and the proxies were turned over to the McCurdys.

The testimony also discloses that President McCurdy's salary is \$150,000 a year—three times that of the president of the United States—and that since 1884 when Mr. McCurdy became president he has received in salary a total of \$1,841,666. Robert H. McCurdy, his son, has received since 1886 in salaries and commissions a total of \$1,759,622. Louis A. Thebaud, President McCurdy's son-in-law, has, since 1892, received \$932,831. These three men have received, all told, \$4,534,119.

## POLICYHOLDERS NOT CONSIDERED

Robert H. McCurdy, the general manager, sought later to justify the large increases in the officers' salaries by saying that the assets of the company were ten times larger this year than they were in 1873, and that the salaries have not grown in proportion to the growth of the company's assets, which now amount to \$450,000,000. One member of the committee created quite a stir by this question: "Have the benefits of the policyholders grown in the same proportion as salaries?" But Mr. McCurdy did not attempt to answer.

## MCCALL'S DEVOUT THANKS

One policyholder in the New York Life has written a letter to the trustees in that company asking them to force the retirement of President McCall and Vice President Perkins. In this address to the trustees appears the following interesting statement: "Since Mr. McCall regards the company's gifts to the republican national committee of trust funds as pious acts of his, it may be pertinent to inquire whether, as a result of those acts and his thanks to God, he received a divine inspiration to mislead and deceive the governor of Texas about the contribution made to the republican committee in 1896, and to attempt to throw the governor off the track by affidavits from three of the company's officers denying such a contribution. And it may also be pertinent to inquire of Mr. McCall whether he has yet sent up his devout thanks for having taken \$235,000 of the policyholders' money, without their knowledge or yours, and turned them over to one Andrew Hamilton, without, so far as has been shown, receiving anything therefor, and for his being unable or unwilling to tell the purpose for which this \$235,000 of trust money has been used. It requires no argument to make it clear to the dullest mind that, after having done these things and more, Mr. McCall is not entitled to draw \$100,000 a year for mismanaging and misrepresenting the affairs of the company, and that he must go. As you are aware, I have requested the attorney general to institute proceedings to remove President McCall and Vice-President Perkins from their respective offices. If he does so, it will necessarily take time to obtain a decision, and meanwhile the business of the New York Life must suffer, unless you or public opinion can induce these officers to re-

sign now. That both must resign is inevitable, and the sooner the better."

## AN ORIGINAL EQUITABLE ORDER

Action has been commenced against the Equitable Life Assurance society asking that the Ryan interests be ousted, and that the transfer of the Hyde shares of stock be declared void. In this suit an amended complaint has been filed, in which reference is made to an announcement given at the first meeting of the Equitable society April 26, 1859. It was announced on that day, the new complaint sets forth, that the projectors proposed "to organize the company upon the mutual principle, and under the laws of the state of New York, which require that a paid-up capital of not less than \$100,000 shall be placed in the hands of the comptroller of the state before business can be commenced. In raising this capital subscribers are informed that the society intends to pay only 7 per cent per annum (the legal rate in the state of New York) this being the interest which the money may earn when invested, and all profits arising from the business of the company are to go to the credit of the assured, thus making the association purely mutual."

## BISHOP POTTER AND INSURANCE

As showing the great public interest in the insurance disclosures the comment upon the vote on Rev. Mr. Chew's resolution in the New York diocesan convention is interesting. Many of Bishop Potter's own churchmen severely condemn him for the hostility he displayed toward the Chew resolution. Referring to this affair the New York Evening Post editorially says:

"If the church does not speak out for righteousness," said Mr. Chew in his sermon yesterday, "of what use is the church?" This is dangerous doctrine, even in Newburgh; it is fatal in New York. It smacks of primitive Christianity, a grotesque anachronism in 1905. It may be too late to enlighten Dr. Huntington, who, though well-meaning, is helplessly old-fashioned; but Bishop Potter should take steps to suppress the spread of Mr. Chew's heresy among the younger clergymen. Otherwise, some diocesan convention may offend substantial supporters by actually passing objectionable resolutions. A pastoral letter should be sent out at once, enumerating the harmless and highly commendable activities of clergymen: playing golf, automobiling, attending afternoon teas, dining out, offering prayers on public occasions, pronouncing benedictions at commencements, writing amiable little books about nothing in particular, and raising funds to build churches and cathedrals."

## THE "UNSECONDED RESOLUTIONS"

A Brooklyn reader of the New York Evening Post writes to that newspaper a timely letter relating to the "Unseceded Resolutions." This letter follows:

"I read with a good deal of interest in today's paper, some resolutions offered by the Rev. Mr. Chew of Newburgh at the meeting of the diocesan convention of the Episcopal church, on the 28th inst., denouncing the prevalence of flagrant dishonesty and breaches of a sacred trust, in some great business and financial circles, as they are now being brought to light in the reports of the daily press. They emphasized the fact that such actions were utterly antagonistic to the precepts of Christianity upon which their church was established, and that it behooved them as ministers of the gospel to let their voice be heard in no uncertain sound. But I was certainly surprised to find that in all that assembly of Christian clergymen no one could be found who had the courage to second the resolutions; for surely no more wholesome and timely truths could be uttered by the church than are contained in the following words, which I take from the document, and which express the entire gist of the argument:

"Resolved, That this convention proclaim anew that word of God which says: 'It is required of a steward that he be found faithful.'"

"Resolved, That no talent for high finance, no useful service to the community, no benefaction to the church or to objects of philanthropy can excuse or atone for dereliction in trust, contempt for the rights of others, or disregard of the rules of common honesty;

"Resolved, That commerce languishes in the degree and dies in the extent that men cannot trust one another, and that this convention commends to the members of this church and their

associates the exercise of that exact and scrupulous fidelity in business, which is not only the foundation of prosperity in every community, but also a requirement for the favor and benediction of Almighty God, and which will be vindicated and rewarded surely in the due operation of His natural and invisible laws."

"Surely if there ever was a time or ever was a place where these vital truths ought to be clearly and loudly proclaimed, it is now and in this country. Surely if there ever was an age when it was incumbent upon the Church of Christ to hold aloft for the guidance of mankind the lamp of pure Christian ethics, warning men away from lives of roguery and falsehood, and careers of mean greed and insane lust of power, it is at the beginning of the twentieth century, and in this boasted land of freedom and marvellous material prosperity. For practically, so it seems to me, the leaders of both politics and commerce all over Christendom have lost faith in the great principles of Christian morals, which present in the clearest form a love of purity, a devotion to honesty and truth, and a life of heroic unselfishness, as being the only entrance to the spiritual real. Who is there that believes now, 'It is more blessed to give than to receive?' Or that in a financial scheme, simple truth is better than clever falsehood? What statesman now even pretends to believe that gentle kindness is a hundredfold more powerful than brutal strength in the subjugation of an enemy? Or what captain of industry thinks that the chief aim of his life should be the welfare of his workmen, and their elevation in the scale of civilization? Who among us believes that the only possible way of benefiting our own souls, is by a heroic attempt to benefit the souls of others? 'No one can enter heaven alone,' says the old Buddhist proverb, which is only another way of stating the Christian truth that 'He who would save his life must lose it' for others. Who among us has any faith in the beautiful doctrine, either in Wall street or Washington, either in Lombard street or the court of St. James's, either in Berlin, St. Petersburg, or Tokio?

"And yet I believe the ethics of Christianity, as they fell in their limpid simplicity and sweetness from the lips of Jesus himself, are everlastingly true, as well as being profoundly philosophical. I believe firmly that all departure from them leads into doleful perplexities, and treacherous quagmires, and that this truth is being very plainly demonstrated in the present day. In reading over the testimony of these corporation investigations, and watching the pitiful wriggling of the witnesses under the scalpel of the keen questioning of the counsel, how clear is the revelation of the great fact that 'the false wisdom of the world is only foolishness with God.' I say false wisdom, but surely not true wisdom, for the highest earthly sagacity is in harmony with God's righteous laws. But I mean the wisdom of these sharp financiers, these great, boastful cheats, these unfaithful stewards, these mean robbers of hard working people and their poor widows and orphans, 'whose shoes they are unworthy to unloose.' When they are laying the plans and concocting the skillful bookkeeping of their wonderful syndicates, which enabled them to swoop in this and that big margin of unrighteous profit into their own capacious pockets, I wonder did they never think of the old Biblical text which most of them may have learned at the Sunday school, 'Behold, what is done by them in secret will be proclaimed from the housetop.' Perhaps some of our distinguished citizens may have reason to meditate sadly over this truth when Lawyer Hughes has got through with his investigation."

## MR. BRYAN'S LETTERS

Mr. Bryan took passage on the Pacific Mail steamship Manchuria, which sailed from San Francisco September 27.

He will go to Japan via Honolulu. After a few weeks in Japan he will proceed to China, the Philippine Islands, India, Australia, New Zealand, Egypt, Palestine, Greece, Turkey, Italy, Spain, Switzerland, Germany, France, Norway, Sweden, Denmark, Russia, Holland and the British Isles.

The trip will occupy about one year, and the readers of The Commoner will be able to follow Mr. Bryan from the letters which will be published in The Commoner from time to time.